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C O N F I D E N T I A L NOFORN BRUSSELS 00348

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ACTION: UAID

INFO: MGT UAGR ECON UFCS UECON UDCM UPRM AMB UAMB
UMGT DCM UPOL UNAS UPAO

DISSEMINATION: UAID

CHARGE: PROG

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CLEARED: USE:CGRAY UPOL:LWOHLERS, USAID:JADDLETON, DOJ:MLWARREN, INL

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TO RUEHC/SECSTATE WASHDC IMMEDIATE
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RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE
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RUEKJCS/JOINT STAFF WASHDC IMMEDIATE
RUEHNO/USMISSION USNATO IMMEDIATE
RUCNDT/USMISSION USUN NEW YORK IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 07 BRUSSELS 000348

SIPDIS

NOFORN

STATE FOR SCA/FO, SCA/A, INL, INL/AP, EUR/FO, EUR/ERA,
EUR/RPM
DOD FOR DASD DAN FATA
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SUBJECT: PRESSING THE EU'S ROLE IN AFGHANISTAN: FACTS,
OBSTACLES AND OPPORTUNITIES

Classified By: CDA Christopher M. Murray, for reasons 1.4, b and d.

¶1. (C) Summary: EU Foreign Ministers will soon have a political discussion about Afghanistan. We believe this is an opportune time for the USG to make a renewed effort at convincing the EU to increase its contributions. The EU institutions have participated in Afghanistan reconstruction since 2002, but have never participated - financially or otherwise - as fully as they could have. Although significant obstacles stand in the way of enhanced EU

contributions, there are several promising areas where the EU can do more. One focus could be on the EU's EUR 2 billion stability instrument fund. The EU has asked us for ideas on how to spend this money. We recommend continued creative thinking and collaboration among the U.S., the EU, and the member states to stimulate greater EU "soft power" contributions to the Afghanistan mission. End Summary.

Past and present EU contributions

¶2. (U) DEVELOPMENT ASSISTANCE: The European Commission's (EC) assistance to Afghanistan totaled EUR 1 billion for the period 2002-2006 (the Commission cites EUR 3.7 billion as the combined EC-EU member state contribution for this period). EC projects included rural development, infrastructure, primary health care and support to public services through both budget support and technical assistance.

¶3. (U) The EC has announced plans to provide EUR 610 million for the period 2007-2010. Its assistance strategy reflects the priorities laid out in the Afghanistan Compact and the interim Afghan National Development Strategy (i-ANDS), launched by the Afghanistan Government at the London Conference in early 2006. EC priority sectors include governance (EUR 244 million), rural development (EUR 183 million), and health (EUR 122 million), with smaller allocations for social protection (EUR 25 million), mine action (EUR 25 million) and support for regional cooperation (EUR 11 million). Conspicuously absent are funds for counter-narcotics, which is in general a member state competence and activity.

¶4. (U) Funds earmarked to support governance will focus on justice and public administration reform, particularly at the local government level, to create the fully functional justice system the EC considers necessary to combat the narcotics trade. Rural development funds will continue to support the Afghan government's national programs, but will shift focus to a more local level with special attention for the traditionally poppy-rich provinces of the east and north east. The EC cites the reduction of poppy cultivation in Nangarhar province as one of its successes. As in the past, the EC's health package will focus on primary health services in Afghanistan and aim to lift coverage of basic health services from around 75% of the population at present to near 100% by the end of 2010.

¶5. (C) EUPOL: The EU launched a police mission in Afghanistan (EUPOL AFGHANISTAN) in June 2007 with a mandate for three years. EUPOL's emphasis is on high-end criminal investigations (major organized crime, financial crime, corruption, and witness protection), border police training, and education. When fully deployed, EUPOL AFGHANISTAN will consist of some 195 police, law enforcement, and justice experts assigned at central, regional, and provincial levels (Kabul, the five regional police commands, and on European-led PRTs, respectively). EUPOL is now deploying across most of the country and should be fully operational by spring 2008. The mission and the budget will be under review beginning in March, and there is some political willingness to consider a significant increase in the number of officers. Germany has indicated that it would consider doubling its contribution. The EU Political and Security Committee (PSC) is charged with providing strategic direction for the mission, which was hobbled in its early stages by management controversies and ambiguities about its relationship with NATO structures. The mission is still unwilling to deploy to U.S.-led PRTs, due to the lack of a technical agreement between the EU and the U.S.

¶6. (U) NOTABLE MEMBER STATE CONTRIBUTIONS: The UK, as the second largest bilateral donor to Afghanistan (after the U.S.), has led on counter-narcotics and assisted the Afghan government in drawing up the National Drugs Control Strategy in 2005. The UK, the EC, and several EU member states are also actively involved in the field of rural development,

which is critical for the provision of sustainable alternative livelihoods for farmers involved in opium-poppy cultivation. Germany has played a key role in the effort to reform the Afghan police, providing a foundation for the EU's police mission. It has spent about EUR 70 million on police reform, mostly in training 4,300 Afghan policemen. Italy has focused on justice sector reform, providing some EUR 40 million to date.

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What else can be done? What else is available?
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¶7. (U) The European Commission's total external assistance budget will total EUR 72.2 billion for the period 2007-2013. Instruments applicable to Afghanistan include the Development Cooperation Instrument for Asia, Latin America, and the Middle East (approx. EUR 16.6 billion or 23% of total); the Instrument for Stability for crisis response and support to peacekeeping activities (approx EUR 2 billion or 4% of total); and the Humanitarian Aid instrument (EUR 5 billion).

¶8. (SBU) There are two main pools of funds that are not being fully utilized: The EU Stability Instrument and the EC PRT Fund. These funds total EUR 2.16 billion through 2013. In addition, there are examples of how the EC can, when it deems necessary, find yet additional funding sources.

¶9. (SBU) STABILITY INSTRUMENT: In 2007, the EU adopted the new Instrument for Stability (IFS) to facilitate rapid responses to crisis situations, and to build effective response capacity in crisis-prone regions. Because the EU sets its budgets in multi-year cycles and allows little flexibility in re-programming appropriated funds, this large package will improve the ability of the EU to deploy funds and resources rapidly following a crisis. It could be compared to the K fund at the Department of State or the short term projects of USAID's Office of Transition Initiatives. Of the EUR 2.06 billion allocated for 2007-2013, EUR 1.48 billion is earmarked for short-term assistance, while EUR 484 million is dedicated to supporting longer-term projects lasting up to 18 months. Priorities for the 2007-08 programming of the long-term component include "counteracting global and trans-regional threats," a heading already being used to fund counter-narcotics efforts aimed at curbing the opium poppy trade in an around Afghanistan. The Commission has invited the USG to provide input on IFS programming for 2008 and beyond. Given the seemingly broad mandate of the IFS, this would be an excellent opportunity to provide the EU with specific programs they could support using IFS funds.

¶10. (SBU) EC PRT FUND: The European Commission has earmarked roughly EUR 10 million to support member state PRTs. However, member states have been slow to request and use these funds. EC contacts think the reasons include quick staff turnover at PRTs (i.e., as personnel rotate in and out of the country, they don't learn about the fund soon enough to take advantage of it). Additionally, large member states don't think the effort of applying for the funds is worth it, given the limited money available. Embassy Kabul could (in consultation with the EC) encourage member state embassies in Afghanistan to take advantage of these funds. The EU could also assist in marshaling enhanced bilateral member state support for Afghanistan, particularly among recent entrants. We believe that smaller, recent EU entrants have been reluctant to take on the responsibility of an entire PRT on their own because of staffing and funding limitations. The EU could provide both financial support (possibly via PRT funds) and overall coordination for groups of small member states who could take on entire PRTs, or specific tasks as a group.

¶11. (SBU) THE ROLE OF EASTERN EUROPE: Eastern European member states could be asked to assist with agricultural development in Afghanistan. Many of these states have recently completed difficult transitions to market-based economies, and most also have strong technical agricultural

extension services. As an alternative to poppy cultivation, perhaps these states can help Afghan farmers learn to grow flowers for export to European markets. Highly valuable and highly perishable crops can justify transport by air, avoiding well documented problems in bringing lower-value crops to market by truck.

¶12. (SBU) THE EC-LEBANON MODEL: It is useful to examine the methods used by the EU to quickly deliver assistance to Lebanon following Israel's response to Hizballah in the summer of 2006. The Commission responded then within days of the cessation of hostilities, announcing a package of nearly EUR 100 million. While the bulk of the pledge came in the form of humanitarian assistance (approx. EUR 50 million) the EC also allocated: (a) EUR 18 million to support the Lebanese private sector, (b) EUR 10 million for technical assistance for reconstruction, (c) EUR 4 million to support rule of law and internal security, and (d) an additional EUR 10 million to meet the priority needs of the Lebanese government. The seven year budget cycles of the EU give the impression that there is little budget flexibility for mid-stream changes, but the Lebanon example is proof that the EC can quickly mobilize additional resources if the required political will is present.

Obstacles to Enhanced Contributions

¶13. (C//NF) PUBLIC OPINION: EU leaders' political will to significantly increase EU contributions to Afghanistan is largely dependent on public opinion in their countries. EU interlocutors have told us that many Europeans do not perceive events in Afghanistan as directly threatening their security. Furthermore, some of those who do perceive a threat prefer to fight the threat through less expeditionary means that they consider more effective and less expensive (e.g., using MI5 to fight Afghan-origin and other terrorism within the UK). Europeans are aware of their governments' military support for the Afghanistan effort to date, and feel that the EU is already doing enough. The average European does not differentiate between civilian and military support for reconstruction and feels that Europe, through its initial and ongoing military efforts, has already "checked the box" for Afghanistan. Finally, some European citizens are skeptical that any additional contributions from their governments will actually make a dent in what they perceive to be the uphill battle the international community faces in Afghanistan. Although Europeans are responsive to humanitarian arguments for increased contributions, they do not see a strategic imperative for Europe to become more deeply involved in Afghanistan reconstruction.

¶14. (C//NF) SECURITY: A lack of secure operating and "humanitarian" space in Afghanistan lowers opportunities for EU interventions. In one example, EC officials cited the lack of security at border crossings as a reason for non-engagement on building Afghan capacity for securing the flow of people and goods at border locations. Donors and NGOs tell a similar story regarding the inability to operate in war zones, which are increasingly hostile to humanitarian and development assistance implementers.

¶15. (SBU) COMPETING PRIORITIES: While the EU acknowledges the importance of Afghanistan reconstruction and regional stability in South Asia, its immediate foreign policy priorities lie closer to its physical borders. Because of Kosovo's recent declaration of independence, and because of pre-EU accession demands, the Western Balkans will demand a significant amount of the EU's human and monetary resources for the foreseeable future. Building relationships with countries under the auspices of the European Neighborhood Policy is also necessary to address regional stability and mitigate migration worries. Europe's role in the Middle East should not be understated, given the European Commission's EUR 800 million contribution (2003-2007) to Iraq reconstruction and lead role in providing assistance to the Palestinians. Additionally, the EC and member states

maintain a multi-billion Euro assistance program for Africa, as Europe fulfills what it considers its duty as a former colonial power. These competing foreign policy priorities have left many member states without an active Asia policy and the EU feeling at risk of overstretch if it takes on much more.

¶16. (U) BUDGET CONSTRAINTS: The overall foreign assistance budget for the EC was cut for the 2007-2013 budget cycle. The EC has tried to protect funds destined for Afghanistan as much as possible, but Afghanistan was also victim to the across-the-board cuts, losing roughly 10% of its annual allocation (from about EUR 166 million to EUR 150 million per annum). One important consideration with EU budgeting is the strict prohibition against deficits, and the inability to easily shift funds between accounts after a budget has been approved. Since EUPOL funding comes from the very small Council Secretariat Common Foreign and Security Policy account, increases there will be difficult, and any new money will have to come from the member states.

¶17. (C//NF) WHAT THE EU THINKS THE USG THINKS OF THE EU: Some EU officials perceive that except for the EC's usefulness as a contributor of humanitarian and development assistance, the EU has been "written off" by the USG as a potential contributor to the Afghanistan effort. Several officials have told us that the EU (institutions as well as member states) might be more inclined to increase contributions in Afghanistan if EU officials and member states felt that their policy views (e.g., opposition to aerial spraying of poppy fields) were being taken into account. Instead, senior U.S. officials are perceived as telling them that, "we listen to partners based on the levels of their contributions" - a message that became the "headline" of an internal EU report from a recent meeting, according to contacts inside the institutions.

Next Steps

¶18. (C//NF) PUBLIC DIPLOMACY: High level EU contacts have asked the United States to keep reiterating the message, publicly and privately, that the EU should be a player on Afghanistan, and that we need them there. In addition, they have stressed the need to make clear to European governments, parliaments, and publics the progress ("good news" stories) that is being made in Afghanistan, in order to counter perceptions of drift.

¶19. (C//NF) There are several upcoming opportunities to engage EU officials on these issues.

-- UPCOMING GAERCs: As a result of pressure from the UK and the Netherlands, the EU will soon hold a high level political discussion on Afghanistan. The timeline for discussions is still not confirmed, but it looks likely that EU Foreign Ministers will issue brief conclusions on Afghanistan at the March 10 General Affairs and External Relations Council (GAERC). Member state contacts tell us that the conclusions will reaffirm the EU's commitment and long term support for Afghanistan; welcome the launch of the ANDS; reiterate support for JCMB Tokyo discussions, EUPOL, and ISAF's role; and reaffirm the EU's readiness to work with NATO on Afghanistan. The Foreign Ministers will then likely hold a discussion on Afghanistan at the Foreign Ministers' dinner that will take place March 13, on the margins of the European Council meeting. According to contacts, that discussion will focus on the following topics: what the EU is trying to achieve in Afghanistan, how successful the EU has been, what challenges lie ahead, how the EU can coordinate better, views of the Afghan government, and whether the EU should place more conditions on its assistance. UK and Dutch Perm Rep contacts have told us they hope the March GAERC discussion will provide an impetus to additional conclusions that could come out of the April or May GAERC and focus on EU goals for the Paris donors conference in June. UK contacts have four objectives for EU involvement in Afghanistan: increase the

EU's visibility, with a visit by EU High Representative Javier Solana; get the EU Police mission right; ensure the European Commission continues funding efforts; and name an effective new EU Special Representative for Afghanistan. USEU recommends that after the March 13 Foreign Ministers discussion, the USG follow up with EU member states in capitals to coordinate in the lead-up to the Paris donors conference. Contacts in Brussels have noted that Afghanistan rarely comes up in high level EU meetings, even though the same countries talk about it regularly in a NATO context. They stress the need for much more political energy within the EU on the Afghanistan issue if the EU is to come up with additional resources for it.

-- SOLANA'S TRAVEL TO THE REGION: EU High Rep Solana will likely go to Afghanistan and Pakistan in the next few months. The date has not been set. We should use the time before his travel to help shape his visit and message.

-- EU-NATO AFGHANISTAN DISCUSSIONS: Contacts agree that it would be useful to carry out high level strategy discussions between the EU and NATO on Afghanistan, but note that such an idea is difficult to implement because of possible Turkish resistance. However, they agree that we should be able to find a way to do it. We should work with the EU and NATO on creative ways to facilitate this goal.

-- PARIS DONORS CONFERENCE: In the lead-up to the June conference, we should increase discussions with the Commission and member states on priority areas for contribution. Per Dutch Perm Rep contacts, one of the objectives of the March and April GAERC discussions will be to coordinate EU positions in the lead-up to Paris. They have expressed interest in the USG position on the Paris donors conference.

-- EUPOL MANDATE EXTENSION: This is scheduled for mid-March. As a first step, we could respond to EUPOL's request for support through U.S. PRTs. There is a wide desire to maximize synergies between U.S. and EU police training efforts. Contacts have suggested a willingness to consider using European military police to perform police training in Afghanistan. In response to frequent inquiries by the EU, we should articulate the U.S. position on the EU's role on the International Police Coordination Board (IPCB). EU interlocutors have also asked for an update on the status of U.S. staffing of the IPCB secretariat: they claim we offered ten staff members but have only provided one.

-- EU SPECIAL REPRESENTATIVE: Member states have been invited to put forth candidates, with discussion slated to begin in March on naming a new EU Special Representative (EUSR) to Afghanistan. UK contacts have told us they are concerned that Solana is not doing enough to find a good EUSR and have asked that the USG raise with Solana and member states the importance of naming a good candidate who can work well with a future UN Super Envoy. We should encourage the EU to include coordination with a new United Nations Special Representative in the mandate of the EUSR. We should also discuss with interlocutors the benefits of double hatting the EUSR to have both a Council Secretariat and Commission mandate.

-- REGIONAL ECONOMIC COOPERATION CONFERENCE: The EC has conveyed interest in comparing notes beforehand on what we want to get out of this conference, with an eye toward a common approach on trade facilitation, increasing the involvement of the Afghan private sector, and other issues.

-- PAKISTAN-AFGHANISTAN RECONSTRUCTION ZONES (ROZs): The EC has expressed interest in carrying out some activities, such as vocational training, that complement what the U.S. is doing on ROZs.

-- PAKISTAN: The EU's stake in Pakistan is increasing, with a corresponding increase in EC funding and political engagement. EC aid is focused on the Northwest frontier and Baluchistan. It is difficult for the EC to operate in the

tribal areas because of European Parliament constraints, but in recent troika discussions with the U.S., the EU side agreed that we should increase coordination on this issue between USAID and the EC delegation in Islamabad.

-- EU-U.S. MEETING ON U.S. VISION FOR POLICE TRAINING: Council Secretariat contacts have expressed interest in an informal working-level meeting to discuss our respective visions and ideas for police training in Afghanistan. Perhaps we could connect appropriate U.S. interlocutors with EU staff, either in person or by continuing the series of video conferences that took place during the planning phases of the EUPOL mission. The relative recently installed new head of the EU police mission, German General Jurgen Scholz, has visited USEU to describe his initial views on how to move forward the police mission.

-- AFGHAN CRIMINAL JUSTICE SYSTEM: It would be helpful to remind the EU of the importance that training and expansion of the Afghan prosecutor, defense, judicial, and corrections components of the criminal justice system will require more international assistance. This has historically been a member state role, but the EU could at least provide financial support for member state activity in this area.

¶20. (C//NF) While the EU's current appetite for scaling up civilian efforts in Afghanistan is modest, our Council and Commission interlocutors remain willing partners who understand the strategic and humanitarian imperatives that call for an enhanced European contribution. The EU has by no means closed the book on Afghanistan.

MURRAY

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